

## **SUMMARY SHEET**

This Resolution authorizes the County Attorney's Office to interview law firms relative to developing a contract whereby litigation would be pursued against internet travel companies to recover unpaid hotel/motel taxes owed to Shelby County, Tennessee. It has been stated to Shelby County that as much as \$2.5 million per year for the last several years may have been unpaid and illegally withheld by these internet travel companies. These internet travel companies ["ITC's"] include such companies as Expedia, Orbitz and Hotels.com. These companies obtain profits by buying blocks of rooms from hotels at discounted wholesale rates and then reselling the rooms to the ultimate hotel guests at a higher retail rate. Sometimes these retail rates may be as much as 30% higher than the wholesale rates. It is believed that these ITC's have been paying taxes only on the lower wholesale rates, and not the actual retail rates charged to the consumer, even though the ITC's may be collecting the full amount of taxes from their customers based on the retail rates, and not forwarding the full amount of the taxes to Shelby County.